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SMALL SCALE
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Sound Bites

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AFIF Margins software review

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Do you know what your labour costs are per production run? How about per unit? What portion of your margin is eaten up by overhead or by labour? A new tool has been developed to help businesses answer these and other margin-related questions.

The AFIF Margins software was developed with financial support from the AFIF- HRD Business Skills Development Project. The AFIF Margins software has been made available to food processors in Saskatchewan free of charge. I offered to review the software for SSFPA members, and found that the software has some great features.

Many of us do not take the time to assess and review our margins. Months pass, and we just don't seem to be making as much per item as we thought we would.

This software allows you to track margins per production run, and to develop reports over a period of time. These reports give you information on the costs associated with production, and allow you to make timely management decisions based on this information. Labour (including deductions), ingredients, packaging and overhead costs are factored in, and can be adjusted as the costs rise or fall. For example, if your main ingredient price escalates, or the shipping costs to

get the ingredient to your facility rises, you can make a simple adjustment on the software, and all future calculations will automatically reflect these changes.

The software allows for ease in tracking inventory of ingredients and packaging. The software allows you to carefully monitor your labour costs per item and your overhead costs per item. Depending on the number of employees you have, using the software over some period of time could allow you to pick up on extra costs being paid for "slow" employees, or reward "quick" employees. It would also allow you to compare production techniques- for example; Mary's cost per kilogram of Pasta works out to be \$0.56, while Jerome's cost per kilogram is \$0.65. As a manager, you can approach both Mary and Jerome: Is Mary doing something more efficiently? Perhaps Jerome is producing a nicer looking product.

The software references the recipes you enter for production runs, and bases the ingredients used in a production run on the inventory data. This feature helps ensure uniformity in production, and allows you to track inventory as you go.

For anyone with a recall software or certified organic status, the Production Sheet is an excellent feature. A Production Sheet is produced when the tab is selected, which lists all the relevant information for the product in question. Print the sheet, and hand it to the production staff prior to pro-

duction- any deviances can be recorded, and you have a physical record, including batch numbers, ingredients used, and lot numbers. These sheets can then be kept on file in case of a recall, or for folks who are Certified Organic and need to be able to track by ingredient. Future versions of the software should alleviate the few weaknesses- like tracking raw and finished product inventories, compatibility with accounting programs, and implement production forecasting. If the user is uncomfortable with using a computer, the software could be daunting. With a little perseverance, though, even a novice can operate the software. I would suggest a novice have a computer-literate friend help set the software up and run through one or two "production runs" to familiarize the user with the features. One other weakness is that only for files from earlier versions of the AFIF software can be imported- not from Access files, AFIF files that are the same or newer versions of the one being used. Future versions of the AFIF Margins software will allow processors to do the following:

- ??carry out efficient and effective product recalls
- ??track raw and finished product inventory
- ??implement production planning and forecasting
- ??import information from a variety of standard small business accounting packages to streamline information management, ??
- Ensure data integrity, and increase employee productivity.

Mail \$20 with your address for the Margins software on CD to: SSFPA, 1702 Ash Rd, Victoria, BC V8N 2T6.